



February 22, 2008

Los Angeles County
Board of Supervisors

TO: Each Supervisor

Gloria Molina
First District

FROM:  Bruce A. Chernof, M.D.
Director and Chief Medical Officer

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

SUBJECT: **REQUEST FOR PROPOSALS FOR DIETARY AND
CONCESSION SERVICES STATUS**

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Bruce A. Chernof, M.D.
Director and Chief Medical Officer

John F. Schunhoff, Ph.D.
Chief Deputy Director

Robert G. Splawn, M.D.
Senior Medical Director

The Department has completed the proposal evaluation process for the Request for Proposals (RFP) for dietary and concession services at Harbor-UCLA and Olive View-UCLA Medical Centers, Rancho Los Amigos National Rehabilitation Center (RLANRC), and Martin Luther King, Jr. Multi-Service Ambulatory Care Center. In anticipation of the Treasurer and Tax Collector's issuance of commercial paper for health capital projects related to these facilities, the Chief Executive Office and outside tax counsel reviewed the proposed dietary contract and determined there are contract terms that are not in compliance with Internal Revenue Service (IRS) Regulations related to tax exempt financing projects. IRS regulations pertain to non-government use of the facilities and under the proposed contracts, private contractors have use of the County's facilities to provide the dietary and concession services. County Counsel advised the Department that the contract issues identified by outside counsel were material enough to impact the RFP scope as well as the submitted proposals.

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: 213-240-8101
Fax: 213-481-0503

www.dhs.lacounty.gov

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After discussions with County Counsel, we plan to cancel and reissue the RFP. In addition to resolving the tax exempt financing issues, this action provides an opportunity to bring the RFP current with Living Wage requirements and update the Department's dietary needs due to the closure of Martin Luther King, Jr. Hospital and expansion of medical services at RLANRC. This will give all potential proposers a chance to respond to a more current RFP.

Release of a new RFP is targeted for early summer and we are confident that successor contracts will be presented to your Board for approval by December 2008. The existing dietary contracts were extended to June 30, 2008 in anticipation of completing the current RFP process and we will work with the CEO to request your approval of an additional extension period to complete the new solicitation process.

If you need additional information, please let me know.

BAC:kh

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors



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